

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Village of Bellevue</b>	County <b>Eaton</b>
Audit Date <b>12/31/05</b>	Opinion Date <b>2/24/06</b>	Date Accountant Report Submitted to State: <b>4/23/06</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

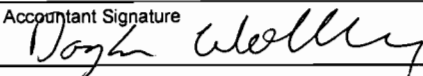
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Douglas Wohlberg, CPA</b>			
Street Address <b>PO Box 1013</b>	City <b>Byron Center</b>	State <b>MI</b>	ZIP <b>49315</b>
Accountant Signature 		Date <b>4/20/06</b>	

# **Village of Bellevue**

**Eaton County, Michigan**

---

## **FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT**

**Year Ended December 31, 2005**

# Village of Bellevue

Eaton County, Michigan

## Contents

December 31, 2005

Independent Auditor's Report	1
Management's Discussion and Analysis	3-7
<b>BASIC FINANCIAL STATEMENTS</b>	
Government Wide Financial Statements	
Statement of Net Assets	11
Statement of Activities	12 - 13
Fund Financial Statements	
Governmental Funds	
Balance Sheet	14
Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets	15
Governmental Fund Statement of Revenue, Expenditures, and Changes in Fund Balance	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Proprietary Funds	
Statement of Net Assets	18
Statement of Revenues, Expenses and Changes in Net Assets	19
Statement of Cash Flows	20
Notes to Basic Financial Statements	23 - 34
<b>Required Supplemental Information</b>	
General Fund	
Balance Sheet	37
Budgetary Comparison Schedule	38 - 39
Major Streets Fund	
Balance Sheet	40
Budgetary Comparison Schedule	41
Local Streets Fund	
Balance Sheet	42
Budgetary Comparison Schedule	43
<b>NONMAJOR GOVERNMENTAL FUNDS</b>	46 - 47
<b>LONG-TERM DEBT SCHEDULE</b>	51
<b>AUDITORS' REPORTS</b>	
Communication with Audit Committee or its Equivalent	55
Management Comments Letter	57 - 59
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	61

To the Village Council  
Village of Bellevue  
Eaton County, Michigan

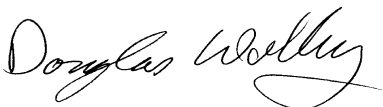
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Bellevue as of and for the year ended December 31, 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Village of Bellevue management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Bellevue as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Bellevue basic financial statements. The introductory section and combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.



Byron Center, Michigan  
February 24, 2006

# Village of Bellevue

Eaton County, Michigan

Management Discussion and Analysis

For the year ended December 31, 2005

---

## Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements.

## The Village as a Whole

The Village's combined net assets increased by \$35,988 or 1.80% from a year ago, increasing from \$1,999,007 to \$2,034,995.

Unrestricted net assets, the part of net assets that can be used to finance day to day operations, decreased by \$50,031 for the governmental activities. This represents a decrease of approximately 8.5%. The current level of unrestricted net assets for our governmental activities stands at \$539,541, or about 105% of expenditures. This is within the targeted range set by the Village Council during its last budget process.

Following is a summary of the Statement of Net Assets.

	Governmental Activities 2005	Business-type Activities 2005	Total 2005
Current assets	\$ 539,541	\$ 515,825	\$ 1,055,366
Noncurrent Assets	216,750	1,302,534	1,519,284
Total Assets	\$ 756,291	\$ 1,818,359	\$ 2,574,650
Long-term debt outstanding	\$ -	\$ 539,655	\$ 539,655
Net assets			
Restricted for debt service		255,178	255,178
Invested in capital assets - net of debt	216,750	769,534	986,284
Unrestricted	539,541	253,992	793,533
Total net assets	\$ 756,291	\$ 1,278,704	\$ 2,034,995

# Village of Bellevue

Eaton County, Michigan

## Management Discussion and Analysis

For the year ended December 31, 2005

---

The following table shows the changes of the net assets as of December 31, 2005:

	Governmental Activities	Business-type Activities	Total
	2005	2005	2005
<u>Program revenues</u>			
Charges for services	\$ 6,457	\$ 401,174	\$ 407,631
Operating grants and contributions	106,398	-	106,398
<u>General revenue</u>			
Property tax	281,509	-	281,509
State shared revenue	166,270	-	166,270
Unrestricted investment income	4,899	5,553	10,452
Miscellaneous	5,601	3,502	9,103
Total revenues	571,134	410,229	981,363
 Program Expenses			
General government	119,584	-	119,584
Public safety	200,754	-	200,754
Public works	181,957	-	181,957
Community and economic development	3,892	-	3,892
Recreation and culture	6,507	-	6,507
Sewer fund	-	261,486	261,486
Water fund	-	171,195	171,195
Total expenses	512,694	432,681	945,375
 Changes in net assets	\$ 58,440	\$ (22,452)	\$ 35,988

### Governmental Activities

There was no significant change in governmental activities from the previous year. The Village did purchase two pieces of equipment that qualify as significant capital assets. These were a dump truck for the public works department and a police cruiser for the police department. The Village did not incur significant long-term debt.

# Village of Bellevue

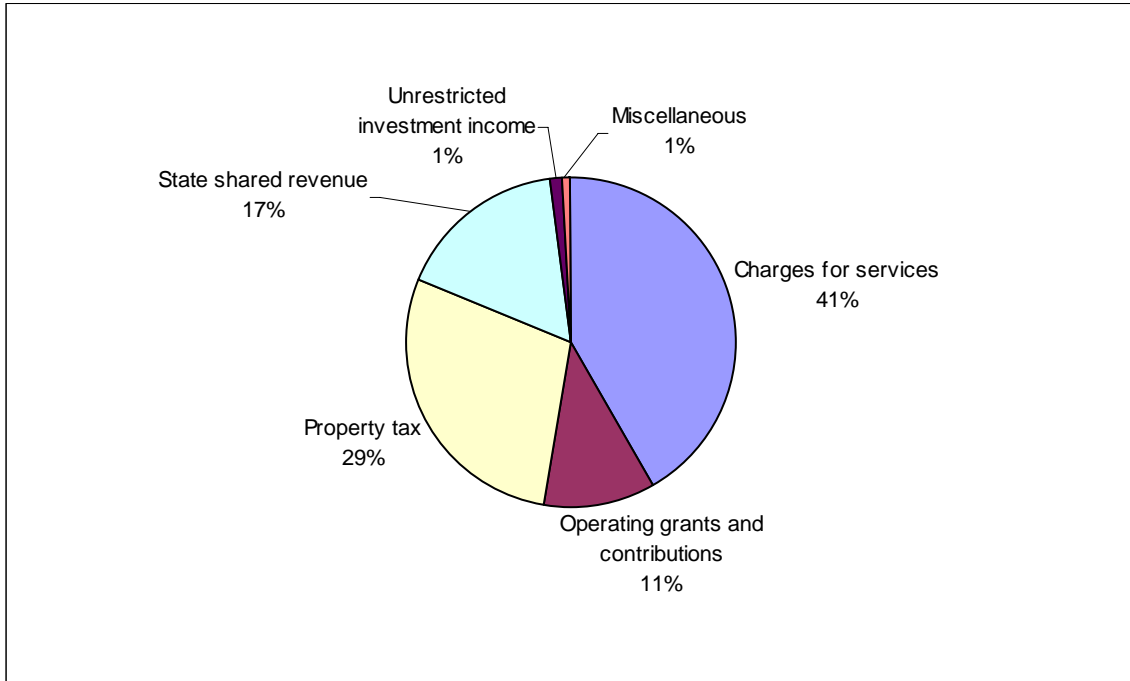
Eaton County, Michigan

## Management Discussion and Analysis

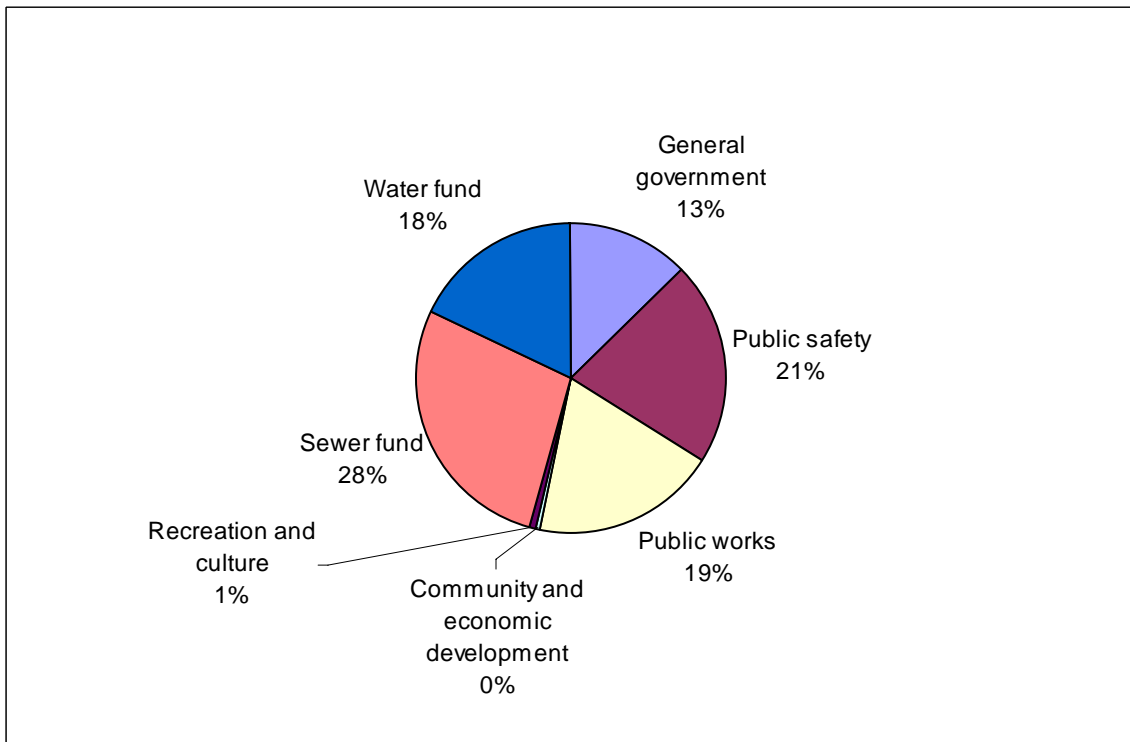
For the year ended December 31, 2005

---

The following chart illustrates the sources of the Village's revenue.



The following chart illustrates the Village's expenses.



# Village of Bellevue

Eaton County, Michigan

## Management Discussion and Analysis

For the year ended December 31, 2005

---

### The Village's Funds

Our analysis of the Village's major funds begins on page 14, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Village as a whole. The Village Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Village's major funds for 2005 were the General Fund, Local Street Fund, and the Major Street Fund.

### Capital Asset and Debt Administration

At the end of 2005, the Village had \$1,408,725 net of accumulated depreciation, invested in a broad range of capital assets, including buildings, police and public works equipment, and water and sewer lines.

The following table shows the Village's capital assets at year end.

	Governmental Activities	Business-type Activities	Total
	2005	2005	2005
Building and improvements	\$ 65,315	\$ -	\$ 65,315
Equipment	7,016	-	7,016
Infrastructure	33,859	1,302,535	1,336,394
Total net assets	\$ 106,190	\$ 1,302,535	\$1,408,725

### Economic Factors and Next Year's Budgets and Rates

Due to the financial situation the State of Michigan finds itself in, the Village management feels it is likely that state shared revenue will remain the same or decrease in 2006. Other General Fund revenues are also expected to remain flat. The Village has prepared itself for this sluggish economy by putting aside resources and attempting to keep expenditures to a minimum, funding only necessary capital improvements.

The Village Council has approved to issue bonds up to \$1,700,000 to leverage additional grant funding to improve the water system infrastructure and the wastewater system infrastructure, and to update the Wastewater Plant.

Due to the Utility Infrastructure Project the Village will be undertaking in 2006 and the need to fund this project with up to \$1,700,000 in bonds the Village of Bellevue will be forced to increase utility rates by as much as 50%. A rate increase of this magnitude will have a large impact on residents.



# **Village of Bellevue**

Eaton County, Michigan

Management Discussion and Analysis

For the year ended December 31, 2005

---

The Village will be seeking to renew a Street and Sidewalk Millage, originally voted on and passed in 2001. This renewal will be for three mills over five years running from 2006 through 2010. A special election will be held on May 2, 2006 to decide this matter. The millage is being sought by the Village Council for maintenance of Village Streets due to the difference between the dollars received from the State of Michigan in the form of Act 51 payments and the actual costs of maintenance, specifically in the Local Streets Fund.

The Village has applied for a \$150,000 Community Development Block Grant (CDBG) low interest loan to improve the street infrastructure within the Village.

The Village of Bellevue is undertaking an extensive sidewalk improvement plan. This will be a multi year project as the Village takes stock of the current sidewalk condition, replaces and repairs sidewalk in disrepair, and ultimately adds new sidewalk to make connections within the community for pedestrians. The goal is to make the community friendly walker friendly.

## Contacting the Village's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Village's Manager at Bellevue Village Hall, 201 N. Main St., Bellevue, MI 49021. The Village's phone number is 269-763-9571.

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

---

# Village of Bellevue

Eaton County, Michigan

## Statement of Net Assets

For the year ended December 31, 2005

	Governmental activities	Business type activities	Total
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 539,541	\$ 383,378	\$ 922,919
Receivables (net)	-	132,447	132,447
Capital assets - net	216,750	1,302,534	1,519,284
<b>TOTAL ASSETS</b>	<b>\$ 756,291</b>	<b>\$ 1,818,359</b>	<b>\$ 2,574,650</b>
<b><u>LIABILITIES</u></b>			
Due in more than one year	\$ -	\$ 539,655	\$ 539,655
<b><u>NET ASSETS</u></b>			
Restricted			
Debt service	-	255,178	255,178
Invested in capital assets	216,750	769,534	986,284
Unrestricted	539,541	253,992	793,533
<b>TOTAL NET ASSETS</b>	<b>756,291</b>	<b>1,278,704</b>	<b>2,034,995</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 756,291</b>	<b>\$ 1,818,359</b>	<b>\$ 2,574,650</b>

# Village of Bellevue

Eaton County, Michigan

## Statement of Activities

For the year ended December 31, 2005

Functions/Programs	Expenses	Charges for services	Operating grants and contributions
<b><u>PRIMARY GOVERNMENT EXPENSES</u></b>			
General government	\$ 119,584	\$ 6,457	\$ -
Public safety	200,754	-	-
Public works	181,957	-	100,663
Community and economic development	3,892	-	5,735
Recreation and culture	6,507	-	-
<b>Total Governmental activities</b>	<b>512,694</b>	<b>6,457</b>	<b>106,398</b>
<b><u>BUSINESS TYPE EXPENSES</u></b>			
Sewer	261,486	197,554	-
Water	171,195	203,620	-
<b>Total Business type activities</b>	<b>432,681</b>	<b>401,174</b>	<b>-</b>
<b>Total Primary government</b>	<b>945,375</b>	<b>407,631</b>	<b>106,398</b>

### General Revenues

Property taxes

State-shared revenue

Unrestricted investment income

Miscellaneous

**Total general revenues - special items and transfers**

**Change in net assets**

**Net assets at beginning of year**

**Net assets at end of year**

Governmental activities	Business-type activities	Total
\$ (113,127)	\$ (113,127)	
(200,754)	(200,754)	
(81,294)	(81,294)	
1,843	1,843	
(6,507)	(6,507)	
<u>(399,839)</u>	<u>(399,839)</u>	
	(63,932)	(63,932)
	<u>32,425</u>	<u>32,425</u>
	<u>(31,507)</u>	<u>(31,507)</u>
<u>(399,839)</u>	<u>(31,507)</u>	<u>(431,346)</u>
281,509	-	281,509
166,270	-	166,270
4,899	5,553	10,452
5,601	3,502	9,103
<u>458,279</u>	<u>9,055</u>	<u>467,334</u>
<u>58,440</u>	<u>(22,452)</u>	<u>35,988</u>
697,851	1,301,156	1,999,007
<u>\$ 756,291</u>	<u>\$ 1,278,704</u>	<u>\$ 2,034,995</u>

# Village of Bellevue

Eaton County, Michigan

Governmental Funds

Balance Sheet

December 31, 2005

	General Fund		Major Streets Special Revenue Fund	Local Streets Special Revenue Fund	Nonmajor Funds		Total			
<u>ASSETS</u>										
Cash	\$	212,284	\$	131,197	\$	115,242	\$	40,631	\$	499,354
<u>LIABILITIES AND FUND BALANCES</u>										
FUND BALANCES										
Reserved for										
Streets		-		131,197		115,242		-		246,439
Unreserved		212,284		-		-		40,631		252,915
TOTAL FUND BALANCES	\$	212,284	\$	131,197	\$	115,242	\$	40,631	\$	499,354

# Village of Bellevue

Eaton County, Michigan

## Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets

For the year ended December 31, 2005

Total fund balances - total governmental funds	\$	499,354
--	----	---------

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Capital assets at cost	191,423
Accumulated depreciation	(85,233)
<b>Net capital assets</b>	<b>106,190</b>

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Balances at December 31, 2005 were:

Internal service funds are used by management to charge the costs of equipment rental activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets	150,747
--	---------

<b>Net assets of governmental activities</b>	<b>\$</b>	<b>756,291</b>
--	-----------	----------------

# Village of Bellevue

Eaton County, Michigan

Governmental Funds

## Statement of Revenue, Expenditures, and Changes in Fund Balances

For the year ended December 31, 2005

	General Fund	Major Streets Special Revenue Fund	Local Streets Special Revenue Fund	Nonmajor Funds	Total
<b>REVENUE</b>					
Property taxes	\$ 232,680	\$ -	\$ 48,829	\$ -	\$ 281,509
State grants	168,679	66,577	31,678	-	266,934
Licenses and permits	5,641	-	-	-	5,641
Fines and forfeits	815	-	-	-	815
Interest and rentals	1,996	1,401	1,165	337	4,899
Other revenue	5,601	-	-	-	5,601
Contributions from other local units of government	-	-	-	5,735	5,735
<b>TOTAL REVENUE</b>	<b>415,412</b>	<b>67,978</b>	<b>81,672</b>	<b>6,072</b>	<b>571,134</b>
<b>EXPENDITURES</b>					
General government	104,718	-	-	-	104,718
Public safety	181,984	-	-	15,000	196,984
Planning	-	-	-	3,892	3,892
Parks and recreation	6,507	-	-	-	6,507
Public works	69,872	49,715	62,010	941	182,538
Other	13,357	-	-	-	13,357
<b>TOTAL EXPENDITURES</b>	<b>376,438</b>	<b>49,715</b>	<b>62,010</b>	<b>19,833</b>	<b>507,996</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>38,974</b>	<b>18,263</b>	<b>19,662</b>	<b>(13,761)</b>	<b>63,138</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	22,765	22,765
Transfers out	(22,765)	-	-	-	(22,765)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(22,765)</b>	<b>-</b>	<b>-</b>	<b>22,765</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>16,209</b>	<b>18,263</b>	<b>19,662</b>	<b>9,004</b>	<b>63,138</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>196,075</b>	<b>112,934</b>	<b>95,580</b>	<b>31,627</b>	<b>436,216</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 212,284</b>	<b>\$ 131,197</b>	<b>\$ 115,242</b>	<b>\$ 40,631</b>	<b>\$ 499,354</b>



# Village of Bellevue

Eaton County, Michigan

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended December 31, 2005

Net change in fund balances - total governmental funds	\$	63,138
--	----	--------

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay added to capital assets.	31,879
--	--------

An internal service fund is used by the Village to charge the costs of equipment and vehicles to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets.	(2,609)
---	---------

Some expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Depreciation	(33,968)
--------------	----------

Change in net assets of government activities	\$	58,440
---	----	--------

# Village of Bellevue

Eaton County, Michigan

Proprietary Funds

Statement of Net Assets

December 31, 2005

	Sewer Fund	Water Fund	Total	Governmental activities - Internal Service Fund
<b>ASSETS</b>				
Current assets				
Cash	\$ 101,375	\$ 26,827	\$ 128,202	\$ 40,187
Accounts receivable	65,878	66,568	132,446	-
<b>Total current assets</b>	<b>167,253</b>	<b>93,395</b>	<b>260,648</b>	<b>40,187</b>
Noncurrent assets				
Restricted cash	-	255,178	255,178	-
Capital assets	670,697	631,836	1,302,533	110,560
<b>Total Noncurrent assets</b>	<b>670,697</b>	<b>887,014</b>	<b>1,557,711</b>	<b>110,560</b>
<b>TOTAL ASSETS</b>	<b>\$ 837,950</b>	<b>\$ 980,409</b>	<b>\$ 1,818,359</b>	<b>\$ 150,747</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Current liabilities				
Interest payable	\$ -	\$ 4,655	\$ 4,655	\$ -
Current portion of long-term debt	-	40,000	40,000	-
<b>Total current liabilities</b>	<b>-</b>	<b>44,655</b>	<b>44,655</b>	<b>-</b>
Noncurrent liabilities				
Bonds payable-net of current portion	-	495,000	495,000	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>539,655</b>	<b>539,655</b>	<b>-</b>
<b>NET ASSETS</b>				
Invested in capital assets - net of related debt	672,698	96,836	769,534	110,560
Unrestricted	165,252	343,917	509,169	40,187
<b>TOTAL NET ASSETS</b>	<b>837,950</b>	<b>440,753</b>	<b>1,278,703</b>	<b>150,747</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 837,950</b>	<b>\$ 980,408</b>	<b>\$ 1,818,358</b>	<b>\$ 150,747</b>

# Village of Bellevue

Eaton County, Michigan

Proprietary Funds

Statement of Revenue, Expenses and Changes in Net Assets

For the year ended December 31, 2005

	Sewer Fund	Water Fund	Total	Governmental activities - Internal Service Fund
<b>OPERATING REVENUE</b>				
Charges for services	\$ 197,554	\$ 203,620	\$ 401,174	\$ 56,462
<b>OPERATING EXPENSES</b>				
Salaries	90,545	42,749	133,294	11,294
Payroll taxes	6,849	3,258	10,107	864
Hospitalization insurance	42,769	13,270	56,039	3,025
Life insurance	1,849	797	2,646	159
Retirement	1,953	1,250	3,203	255
Unemployment	179	-	179	-
Workers compensation insurance	2,540	1,254	3,794	214
Supplies	14,241	7,612	21,853	10,985
Contractual services	8,004	1,345	9,349	-
Insurance	11,957	11,957	23,914	7,174
Utilities	19,164	10,190	29,354	-
Repairs	2,937	4,850	7,787	-
Rent	3,242	6,598	9,840	671
Travel	7	71	78	-
Education	188	48	236	-
Dues and fees	1,040	1,466	2,506	-
Depreciation	46,156	31,874	78,030	19,817
Capital outlay	7,867	3,470	11,337	7,187
<b>TOTAL OPERATING EXPENSES</b>	<b>261,487</b>	<b>142,059</b>	<b>403,546</b>	<b>61,645</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(63,933)</b>	<b>61,561</b>	<b>(2,372)</b>	<b>(5,183)</b>
<b>NONOPERATING REVENUE (EXPENSES)</b>				
Interest on investments	1,163	4,390	5,553	-
Reimbursements	3,502	-	3,502	-
Interest expense	-	(29,136)	(29,136)	2,574
<b>TOTAL NONOPERATING REVENUES (EXPENSE)</b>	<b>4,665</b>	<b>(24,746)</b>	<b>(20,081)</b>	<b>2,574</b>
<b>CHANGE IN NET ASSETS</b>	<b>(59,268)</b>	<b>36,815</b>	<b>(22,453)</b>	<b>(2,609)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>897,218</b>	<b>403,938</b>	<b>1,301,156</b>	<b>153,356</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 837,950</b>	<b>\$ 440,753</b>	<b>\$ 1,278,703</b>	<b>\$ 150,747</b>

# Village of Bellevue

Eaton County, Michigan

Proprietary Funds

Statement of Cash Flows

For the year ended December 31, 2005

	Sewer Fund	Water Fund	Total	Governmental activities - Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 192,080	\$ 192,481	\$ 384,561	\$ 56,462
Payments to suppliers	(117,937)	(64,178)	(182,115)	(29,670)
Payments to employees	(97,394)	(46,007)	(143,401)	(12,158)
Net cash provided (used) by operating activities	(23,251)	82,296	59,045	14,634
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	-	-	-	(93,170)
Principal and interest paid on capital debt	-	(69,484)	(69,484)	-
Other receipts (payments)	3,502	-	3,502	-
Net cash provided (used) by capital and related financing activities	3,502	(69,484)	(65,982)	(93,170)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	1,163	4,347	5,510	2,574
Net increase (decrease) in cash and cash equivalents	(18,586)	17,159	(1,427)	(75,962)
Balances - beginning of year	119,961	264,846	384,807	116,149
Balances - end of year	\$ 101,375	\$ 282,005	\$ 383,380	\$ 40,187
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ (63,933)	\$ 61,561	\$ (2,372)	\$ (5,183)
Provided (used) by operating activities				
Depreciation expense	46,156	31,874	78,030	19,817
Receivables - net	(5,474)	(11,139)	(16,613)	-
Net cash provided by operating activities	\$ (23,251)	\$ 82,296	\$ 59,045	\$ 14,634

## NOTES TO FINANCIAL STATEMENTS

---

# Village of Bellevue

Eaton County, Michigan

## Notes to Basic Financial Statements

For the year ended December 31, 2005

---

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Village of Bellevue conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Village of Bellevue:

#### **A. Reporting Entity**

The Village of Bellevue was incorporated under the provisions of Act 8, P.A. 1895 as amended as a General Law Village. The Village operates under a President-Council form of government and provides the following services as authorized by its charter: public safety, public works, culture and recreation, public improvement, and general administration services.

#### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

# Village of Bellevue

Eaton County, Michigan

## Notes to Basic Financial Statements

For the year ended December 31, 2005

---

### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Village of Bellevue's property tax is levied on each December 1 on the taxable valuation of property (as defined by State statutes) located in Village of Bellevue as of the preceding December 31st.

Although Village of Bellevue's 2004 ad valorem tax is levied and collectible on December 1, 2005, it is Village of Bellevue's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2004 taxable valuation of Village of Bellevue totaled \$17,857,900, on which ad valorem taxes levied consisted of the following:

	Mills levied	Raising
Operating	13.3114 \$	237,714
Streets	2.8365	50,654

These amounts are recognized in the General Fund financial statements as taxes receivable-current.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Street Fund and the Local Street Fund are used to account for the maintenance and construction of the Village's street system. These funds account for revenues provided by the State through Act 51.

The government reports the following major proprietary funds:

The Water Fund and the Sewer Fund account for the activities of the water distribution system and sewage collection system.

# Village of Bellevue

Eaton County, Michigan

## Notes to Basic Financial Statements

For the year ended December 31, 2005

---

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected to also follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer funds also recognize the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

### D. Assets, Liabilities, and Net Assets or Equity

**Bank Deposits and Investments**--Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables**--In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.



# Village of Bellevue

Eaton County, Michigan

## Notes to Basic Financial Statements

For the year ended December 31, 2005

---

**Inventories and Prepaid Items**--Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets**--Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building improvements	15 to 30 years
Water and Sewer Lines	50 to 75 years
Vehicles	3 to 5 years
Office equipment	5 to 7 years
Computer equipment	3 to 7 years

**Compensated Absences (Vacation and Sick Leave)**--It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government.

**Long-Term Obligations**--In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity**--In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Comparative Data/Reclassifications**--Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

# Village of Bellevue

Eaton County, Michigan

## Notes to Basic Financial Statements

For the year ended December 31, 2005

---

### **NOTE 2-STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Village normally follows these procedures in establishing the budgetary data reflected in the financial statements:

On or before September 1, the Village Manager submits to the Council, a proposed operating budget for the fiscal year commencing on January 1. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted at the Village hall to obtain taxpayer comments.

On or before November 1, the budget is adopted by resolution.

The transfer of budgeted amounts between departments within any fund or any revisions that alter the total expenditures of any fund must be approved by the Village Council.

Budgeted amounts are presented as originally adopted, or as amended by the Village Council before December 31. Individual amendments were not material in relation to the original appropriations which were amended.

Budgets as presented for the general and debt service funds are prepared on the modified accrual basis of accounting on the activity level. Encumbrances are not recorded at year end. Budget appropriations lapse at the end of each fiscal year.

Budgetary amounts reported herein are as originally adopted, or as amended by the Village Council throughout the operating year.

The Village legally adopts budgets for the General Fund, and Debt Service Funds.

Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles, and consist only of those amounts contained in the formal budget approved as amended by the Village Council.

The legal level of control is at the activity level of the General Fund, and at the fund expenditure totals for the and Debt Service funds.

The Village Clerk is authorized to transfer budgeted amounts between accounts within the same department. Revisions that alter the total expenditures of any fund or total department expenditures must be approved by the Village Council.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

# Village of Bellevue

Eaton County, Michigan

## Notes to Basic Financial Statements

For the year ended December 31, 2005

### Note 3 - Deposits and Investments

State statutes and the Village's investment policy authorize the Village to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the Village is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The Village's deposits are in accordance with statutory authority.

As of June 30, 2005, the Village had the following deposits.

<u>Hastings City Bank</u>	<u>\$</u>	<u>990,320</u>
---------------------------	-----------	----------------

At year end, the Village's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Proprietary Funds	Internal Service Fund	Total Primary Government
Cash and investments	\$ 499,354	\$ 383,379	\$ 40,189	\$ 922,922

The deposits of the Village were reflected in the accounts of financial institutions at \$990,320, of which \$249,926 is covered by federal depository insurance. \$740,394 is uninsured. The Village believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Village evaluates each financial institution with which it deposits Village funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

# Village of Bellevue

Eaton County, Michigan

## Notes to Basic Financial Statements

For the year ended December 31, 2005

### NOTE 4 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

<b>Governmental Activities</b>	<b>Balance January 1, 2005</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance December 31, 2005</b>
<b>Capital assets being depreciated:</b>				
Buildings	\$ 76,602	\$	\$	\$ 76,602
Vehicles	41,284	7,775		49,059
Streets infrastructure	41,658	24,104		65,762
<b>Subtotal</b>	<b>159,544</b>	<b>31,879</b>		<b>191,423</b>
<b>Accumulated depreciation:</b>				
Buildings	7,100	4,187		11,287
Vehicles	32,231	9,812		42,043
Streets infrastructure	11,934	19,969		31,903
<b>Subtotal</b>	<b>51,265</b>	<b>33,968</b>		<b>85,233</b>
<b>Net capital assets being depreciated</b>	<b>108,279</b>	<b>(2,089)</b>		<b>106,190</b>
<b>Net capital assets</b>	<b>\$ 108,279</b>	<b>\$ (2,089)</b>	<b>\$</b>	<b>\$ 106,190</b>
<b>Business-Type Activities</b>	<b>Balance January 1, 2005</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance December 31, 2005</b>
<b>Capital assets being depreciated:</b>				
Sewer system	\$ 1,960,272	\$	\$	\$ 1,960,272
Water system	1,121,876			1,121,876
<b>Subtotal</b>	<b>3,082,148</b>			<b>3,082,148</b>
<b>Accumulated depreciation:</b>				
Sewer system	1,243,418	46,156		1,289,574
Water system	458,165	31,874		490,039
<b>Subtotal</b>	<b>1,701,583</b>	<b>78,030</b>		<b>1,779,613</b>
<b>Net capital assets being depreciated</b>	<b>1,380,565</b>	<b>(78,030)</b>		<b>1,302,535</b>
<b>Net capital assets</b>	<b>\$ 1,380,565</b>	<b>\$ (78,030)</b>	<b>\$</b>	<b>\$ 1,302,535</b>

# Village of Bellevue

Eaton County, Michigan

## Notes to Basic Financial Statements

For the year ended December 31, 2005

### **NOTE 5 - CAPITAL ASSETS (continued)**

Depreciation expense was charged to programs of the primary government as follows:

**Governmental activities:**

General government	\$	1,509
Public safety		11,545
Public works		945
Streets infrastructure		19,969
<b>Total governmental activities</b>	<b>\$</b>	<b>33,968</b>

**Business-Type activities:**

Sewer	\$	46,156
Water		31,847
<b>Total Business-Type activities</b>	<b>\$</b>	<b>78,003</b>

### **NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

**Interfund Transfers**

Transfers In	Transfers Out	
	General Fund	
Dam Repair Fund	\$	500
Fire Board Fund		20,000
Planning Commission Fund		2,265
<b>Total</b>	<b>\$</b>	<b>22,765</b>

# Village of Bellevue

Eaton County, Michigan

## Notes to Basic Financial Statements

For the year ended December 31, 2005

### NOTE 6 - LONG-TERM DEBT

Bond and contractual obligation activity can be summarized as follows:

	Balance			Balance
	January 1, 2005	Additions	Reductions	December 31, 2005
Water bonds payable	\$ 575,000	\$	\$ 40,000	\$ 535,000

Annual debt service requirements to maturity for the above obligation follows:

December 31,	Bonds Payable		Total
	Principal	Interest	
2006	\$ 40,000	\$ 27,406	\$ 67,406
2007	45,000	25,187	70,187
2008	50,000	22,707	72,707
2009	50,000	20,097	70,097
2010	50,000	17,487	67,487
2011	60,000	14,877	74,877
2012	60,000	11,745	71,745
2013	60,000	8,613	68,613
2014	60,000	5,481	65,481
2015	60,000	2,349	62,349
Totals	\$ 535,000	\$ 155,949	\$ 690,949

# Village of Bellevue

Eaton County, Michigan

## Notes to Basic Financial Statements

For the year ended December 31, 2005

### **NOTE 7 - SEGMENT INFORMATION**

The Village operates two funds which provide sewage and water services. Summary financial information for the sewer department is presented below:

#### Condensed Statement of Net Assets

	<b>Sewer Fund</b>	<b>Water Fund</b>
<b>Assets</b>		
Current assets	\$ 167,252	\$ 348,573
Capital assets	670,698	631,836
<b>Total Assets</b>	<b>837,950</b>	<b>980,409</b>
<b>Liabilities</b>		
Current liabilities	-	44,655
Noncurrent liabilities	-	495,000
<b>Total Liabilities</b>	<b>-</b>	<b>539,655</b>
<b>Net Assets</b>		
Invested in capital assets	670,698	96,836
Unrestricted	167,252	343,918
<b>Total Net Assets</b>	<b>\$ 837,950</b>	<b>\$ 440,754</b>

# Village of Bellevue

Eaton County, Michigan

## Notes to Basic Financial Statements

For the year ended December 31, 2005

### Condensed Statement of Revenue, Expenses, and Changes in Net Assets

	Sewer Fund	Water Fund
Sewer Charges	\$ 197,554	\$ 203,620
Depreciation	46,156	31,874
Other operating expenses	215,331	110,185
Operating income	(63,933)	61,561
Nonoperating revenue (expense)		
Investment earnings	1,163	4,390
Interest expense	-	(29,136)
Reimbursements	3,502	-
Total nonoperating revenue and expenses	4,665	(24,746)
Changes in net assets	(59,268)	36,815
Beginning net assets	897,218	403,938
Ending net assets	\$ 837,950	\$ 440,753

### Condensed Statement of Cash Flows

	Sewer Fund	Water Fund
Net cash provided by (used in)		
Operating activities	\$ (23,251)	\$ 82,296
Capital and related financing activities	3,502	(69,484)
Investing activities	1,163	4,347
Net increase (decrease) in cash	(18,586)	17,159
Beginning cash and cash equivalents	119,961	264,846
Ending cash and cash equivalents	\$ 101,375	\$ 282,005



# Village of Bellevue

Eaton County, Michigan

## Notes to Basic Financial Statements

For the year ended December 31, 2005

### **NOTE 8 - RISK MANAGEMENT**

Village of Bellevue is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Village of Bellevue obtains commercial insurance coverage through the MCM Group for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

### **NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS**

The Village has no post-retirement benefit plans at this time other than its pension plan.

### **NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS**

Village of Bellevue provides pension benefits to all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established by the pension agreement, the Village of Bellevue contributes 3% percent of employees' gross earnings and employee contributions for each employee plus interest allocated to the employee's account are fully vested after 10 years of service.

Village of Bellevue's total payroll during the current year was \$334,592. The current year contribution was calculated based on covered payroll of \$289,267, resulting in an employer contribution of \$8,678 and employee contributions of \$17,080.

### **NOTE 11 - JOINT VENTURES**

#### **Bellevue Community Fire Board**

The Village of Bellevue is a member of the Bellevue Community Fire Board, which provides fire protection services to the residents of the Village of Bellevue, Bellevue Township, and Assyria Township. The participating communities provide annual funding for its operations. During the current year, the Village contributed \$15,000 for its operations. The Village is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The Village appoints one member, two members on a rotational basis, to the Fire Board's five member governing board, which approves the annual budget. The following financial information of the Fire Board is obtained from audited financial statements as of March 31, 2005. Complete financial statements for the Bellevue Community Fire Board can be obtained from Bernard Otto, Secretary/Treasury at (269) 763-9461.

Total assets	\$ 363,123
Total liabilities	7,536
Total net assets	355,587
Total revenue	142,585
Total expenses	134,112
Increase in net assets	8,473

#### **Bellevue Joint Planning Commission**

The Village of Bellevue is a member of the Joint Bellevue Planning Commission, which provides planning services to the residents of the Village of Bellevue and Bellevue Township. The participating communities provide annual funding for its operations. During the current year, the Village contributed \$2,265 for its operations. The Village is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The Village appoints two members, to the Planning Commission's four member governing board, which approves the annual budget.

## Required Supplemental Information

---

# Village of Bellevue

Eaton County, Michigan

General Fund

Balance Sheet

For the year ended December 31, 2005

---

## ASSETS

Cash	\$	212,284
------	----	---------

---

## LIABILITIES AND FUND EQUITY

### FUND BALANCES

Fund balance	\$	212,284
--------------	----	---------

---

# Village of Bellevue

Eaton County, Michigan

General Fund

Budgetary Comparison Schedule

For the year ended December 31, 2005

	Original budget	Final budget	Actual	Variance with final budget
<b>REVENUES</b>				
Property Taxes				
Current property taxes	\$ 225,100	\$ 225,100	\$ 229,628	\$ 4,528
Penalties and interest on taxes	10,000	10,000	275	(9,725)
Property tax administration fee	2,700	2,700	2,777	77
<b>Total Property Taxes</b>	<b>237,800</b>	<b>237,800</b>	<b>232,680</b>	<b>(5,120)</b>
State Grants				
State revenue sharing	153,000	153,000	151,451	(1,549)
Other state grants	3,000	3,000	14,819	11,819
Michigan transportation funds	-	-	2,409	2,409
<b>Total State Grants</b>	<b>156,000</b>	<b>156,000</b>	<b>168,679</b>	<b>12,679</b>
Licenses and Permits				
Business licenses and permits	5,500	5,500	5,641	141
Fines and Forfeitures				
Fines and forfeitures	500	500	815	315
Interest and Rentals				
Interest on investments	1,000	1,000	1,996	996
Other Revenue				
Reimbursements	1,800	1,800	2,683	883
Other revenue	4,000	4,000	2,918	(1,082)
<b>Total Other Revenue</b>	<b>5,800</b>	<b>5,800</b>	<b>5,601</b>	<b>(199)</b>
<b>TOTAL REVENUES</b>	<b>406,600</b>	<b>406,600</b>	<b>415,412</b>	<b>8,812</b>

# Village of Bellevue

Eaton County, Michigan

General Fund

Budgetary Comparison Schedule

For the year ended December 31, 2005

	Original budget	Final budget	Actual	Variance with final budget
<b>EXPENDITURES</b>				
General government				
Village Council	\$ 6,450	\$ 6,450	\$ 4,324	\$ 2,126
President	2,300	2,300	1,035	1,265
Manager	87,080	87,080	82,067	5,013
Buildings and grounds	12,900	12,900	13,040	(140)
Attorney	10,000	10,000	4,252	5,748
<b>Total General government</b>	<b>118,730</b>	<b>118,730</b>	<b>104,718</b>	<b>14,012</b>
Public safety				
Police	182,900	183,100	181,984	1,116
<b>Total Public safety</b>	<b>182,900</b>	<b>183,100</b>	<b>181,984</b>	<b>1,116</b>
Department of public works				
Department of public works	95,700	95,700	50,284	45,416
Street lighting	-	-	19,588	(19,588)
<b>Total Department of public works</b>	<b>95,700</b>	<b>95,700</b>	<b>69,872</b>	<b>25,828</b>
Parks and recreation				
Parks and recreation department	14,275	14,275	6,507	7,768
Other				
Insurance	12,000	12,000	12,057	(57)
Miscellaneous	2,600	2,600	1,300	1,300
<b>Total Other</b>	<b>14,600</b>	<b>14,600</b>	<b>13,357</b>	<b>1,243</b>
<b>TOTAL EXPENDITURES</b>	<b>426,205</b>	<b>426,405</b>	<b>376,438</b>	<b>49,967</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(19,605)</b>	<b>(19,805)</b>	<b>38,974</b>	<b>58,779</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(23,000)	(23,000)	(22,765)	235
<b>NET CHANGE IN FUND BALANCES</b>	<b>(42,605)</b>	<b>(42,805)</b>	<b>16,209</b>	<b>59,014</b>
<b>Fund balance at beginning of year</b>	<b>196,075</b>	<b>196,075</b>	<b>196,075</b>	<b>-</b>
<b>Fund balance at end of year</b>	<b>\$ 153,470</b>	<b>\$ 153,270</b>	<b>\$ 212,284</b>	<b>\$ 59,014</b>

# Village of Bellevue

Eaton County, Michigan

Major Streets Fund

Balance Sheet

For the year ended December 31, 2005

---

## ASSETS

Cash	\$	131,197
------	----	---------

---

## LIABILITIES AND FUND EQUITY

### FUND BALANCES

Fund balance	\$	131,197
--------------	----	---------

---

# Village of Bellevue

Eaton County, Michigan

Major Streets Fund

Budgetary Comparison Schedule

For the year ended December 31, 2005

	Original budget	Final budget	Actual	Variance with final budget
<b>REVENUES</b>				
State Grants				
Michigan transportation funds	\$ 65,000	\$ 65,000	\$ 66,577	\$ 1,577
Interest on investments	500	500	1,401	901
<b>TOTAL REVENUES</b>	<b>65,500</b>	<b>65,500</b>	<b>67,978</b>	<b>2,478</b>
<b>EXPENDITURES</b>				
Public works				
Preservation streets	34,175	34,175	32,380	1,795
Traffic services	1,750	1,750	873	877
Winter maintenance	5,500	5,500	8,518	(3,018)
Administration and engineering	9,040	9,040	7,944	1,096
<b>Total Public works</b>	<b>50,465</b>	<b>50,465</b>	<b>49,715</b>	<b>750</b>
<b>TOTAL EXPENDITURES</b>	<b>50,465</b>	<b>50,465</b>	<b>49,715</b>	<b>750</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>15,035</b>	<b>15,035</b>	<b>18,263</b>	<b>3,228</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>15,035</b>	<b>15,035</b>	<b>18,263</b>	<b>3,228</b>
Fund balance at beginning of year	112,934	112,934	112,934	-
<b>Fund balance at end of year</b>	<b>\$ 127,969</b>	<b>\$ 127,969</b>	<b>\$ 131,197</b>	<b>\$ 3,228</b>

# Village of Bellevue

Eaton County, Michigan

Local Streets Fund

## Balance Sheet

For the year ended December 31, 2005

---

### ASSETS

Cash	\$	115,242
------	----	---------

---

### LIABILITIES AND FUND EQUITY

#### FUND BALANCES

Fund balance	\$	115,242
--------------	----	---------

---



# Village of Bellevue

Eaton County, Michigan

Local Streets Fund

Budgetary Comparison Schedule

For the year ended December 31, 2005

	Original budget	Final budget	Actual	Variance with final budget
<b>REVENUES</b>				
Property Taxes				
Current property taxes	\$ 47,000	\$ 47,000	\$ 48,829	\$ 1,829
State Grants				
Michigan transportation funds	30,000	30,000	31,678	1,678
Interest on investments	500	500	1,165	665
<b>TOTAL REVENUES</b>	<b>77,500</b>	<b>77,500</b>	<b>81,672</b>	<b>4,172</b>
<b>EXPENDITURES</b>				
Public works				
Preservation streets	60,250	60,250	47,495	12,755
Traffic services	1,000	1,000	158	842
Winter maintenance	4,500	4,500	6,361	(1,861)
Administration and engineering	9,190	9,190	7,996	1,194
Total Public works	74,940	74,940	62,010	12,930
<b>TOTAL EXPENDITURES</b>	<b>74,940</b>	<b>74,940</b>	<b>62,010</b>	<b>12,930</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>2,560</b>	<b>2,560</b>	<b>19,662</b>	<b>17,102</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,560</b>	<b>2,560</b>	<b>19,662</b>	<b>17,102</b>
Fund balance at beginning of year	95,580	95,580	95,580	-
Fund balance at end of year	\$ 98,140	\$ 98,140	\$ 115,242	\$ 17,102

## **NONMAJOR GOVERNMENTAL FUNDS**

---

# Village of Bellevue

Eaton County, Michigan

Nonmajor Funds

Combining Balance Sheet

December 31, 2005

	<u>Special Revenue Funds</u>					
	Fire Board Fund		Joint Planning Commission Fund	Dam Repair Fund		Total
<u>ASSETS</u>						
Cash	\$	32,095	\$	4,139	\$ 4,397	\$ 40,631
<u>LIABILITIES AND FUND BALANCES</u>						
<u>FUND BALANCES</u>						
Unreserved	\$	32,095	\$	4,139	\$ 4,397	\$ 40,631

# Village of Bellevue

Eaton County, Michigan

Nonmajor Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

December 31, 2005

	Special Revenue Funds				Total
	Fire Board Fund	Joint Planning Commission Fund	Dam Repair Fund		
<b>REVENUE</b>					
Interest	\$ 253	\$ 31	\$ 53	\$	337
Contributions from local units	-	5,735	-		5,735
<b>TOTAL REVENUE</b>	<b>253</b>	<b>5,766</b>	<b>53</b>		<b>6,072</b>
<b>EXPENDITURES</b>					
Public safety	15,000	-	-		15,000
Planning	-	3,892	-		3,892
Public Works	-	-	941		941
<b>TOTAL EXPENDITURES</b>	<b>15,000</b>	<b>3,892</b>	<b>941</b>		<b>19,833</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(14,747)</b>	<b>1,874</b>	<b>(888)</b>		<b>(13,761)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	20,000	2,265	500		22,765
<b>NET CHANGE IN FUND BALANCES</b>	<b>5,253</b>	<b>4,139</b>	<b>(388)</b>		<b>9,004</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>26,842</b>	<b>-</b>	<b>4,785</b>		<b>31,627</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 32,095</b>	<b>\$ 4,139</b>	<b>\$ 4,397</b>	<b>\$</b>	<b>40,631</b>

## LONG-TERM DEBT SCHEDULE

---

# Village of Bellevue

Village of Bellevue

Schedule of Bonded Debt

\$715,000 Water System Bonds

December 31, 2005

Year ended December 31,	Interest Rate	May 1 Principal	November 1 Principal	May 1 Interest	November 1 Interest	Total
2006	5.220%	\$ 20,000	\$ 20,000	\$ 13,964	\$ 13,442	\$ 67,406
2007	5.220%	25,000	20,000	12,920	12,267	70,187
2008	5.220%	30,000	20,000	11,745	10,962	72,707
2009	5.220%	30,000	20,000	10,440	9,657	70,097
2010	5.220%	30,000	20,000	9,135	8,352	67,487
2011	5.220%	30,000	30,000	7,830	7,047	74,877
2012	5.220%	30,000	30,000	6,264	5,481	71,745
2013	5.220%	30,000	30,000	4,698	3,915	68,613
2014	5.220%	30,000	30,000	3,132	2,349	65,481
2015	5.220%	30,000	30,000	1,566	783	62,349
Totals	\$	\$ 285,000	\$ 250,000	\$ 81,694	\$ 74,255	\$ 690,949

## AUDITORS' REPORTS

---

## COMMUNICATION WITH AUDIT COMMITTEE OR ITS EQUIVALENT

To the Council  
Village of Bellevue  
Eaton County, Michigan

We have audited the general purpose financial statements of Village of Bellevue, Eaton County, Michigan for the year ended December 31, 2005, and have issued our report thereon dated February 24, 2006. Professional standards require that we provide you with the following information related to our audit.

### Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated December 31, 2005, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the general purpose financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Village of Bellevue. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

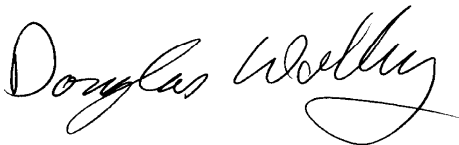
As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Village of Bellevue's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

### Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Village of Bellevue are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2005. We noted no transactions entered into by Village of Bellevue during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Village Council and management of Village of Bellevue and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg, CPA  
Byron Center, Michigan  
February 24, 2006



## MANAGEMENT COMMENTS LETTER

To the Council  
Village of Bellevue  
Eaton County, Michigan

In planning and performing our audit of the financial statements of Village of Bellevue for the year ended December 31, 2005 we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect Village of Bellevue's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following reportable conditions that we believe to not be material weaknesses.

- The Village administers a joint planning commission that is shares with Bellevue Township. Checks written for the planning commission expenditures are approved only by the planning commission members. I recommend that the Village Council and the Bellevue Township Board also approve these expenditures.
- As the Village now uses a credit card, State law requires that the Village adopt a policy regarding its use.
- Though the Village has bank deposits and no investments, I recommend that the Village adopt a policy to provide guidance on the deposits and investments that the Village may own.

**Village of Bellevue  
Eaton County, Michigan  
December 31, 2005  
Management Comments Letter  
Page 2**

- The Village has no conflict of interest policy. I recommend that the Village Council adopt one.
- The Village Council has recently created a Fire Control Board Fund. I recommend that all payments to the Bellevue Community Fire Board be made through this fund.
- I recommend that the Village Council adopt a capital asset policy that formalized the minimum dollar amount of capital asset additions to be capitalized and the lives of those assets.

This report is intended solely for the information and use of the Village Council and the Michigan Department of Treasury and is not to be used by anyone other than these specific parties.

A handwritten signature in black ink, reading "Douglas Wohlberg". The signature is written in a cursive, flowing style with a large, prominent 'D' and 'W'.

**Douglas Wohlberg, CPA  
Byron Center, Michigan  
February 24, 2006**

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Council  
Village of Bellevue  
Eaton County, Michigan

We have audited the general purpose financial statements of Village of Bellevue, Eaton County, Michigan as of and for the year ended December 31, 2005, and have issued our report thereon dated February 24, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

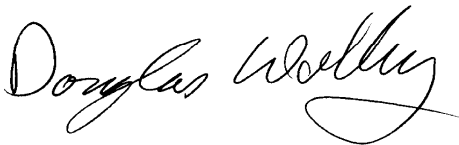
**Compliance**

As part of obtaining reasonable assurance about whether Village of Bellevue's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Village of Bellevue's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg, CPA  
Byron Center, Michigan  
February 24, 2006